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NO. 628

## EUROPE

1. ITALY: Vatican view of Italian colonies question--The Acting US Representative at the Vatican transmits the view of the Vatican Under Secretary of State that if a decision is made on the former Italian colonies which could be construed as unfavorable to Italy, the Italian Communists and the neo-fascist Italian Social Movement will make a special effort to demonstrate that the US and the UK have no real interest in Italy's rehabilitation. The Vatican Under Secretary believes that this move would seriously weaken the De Gasperi Government and might even cause it to fall, with serious consequences. The Vatican Under Secretary also believes that the chief Communist aim is to reenter the Government and that the Communists can easily become a real danger if they are successful in undermining Italian confidence in De Gasperi. He suggests, for these reasons, that it would be desirable to postpone a final decision on the colonies for at least 8 or 9 months.

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(CIA Comment: CIA believes that a decision on the colonies which could be construed as unfavorable to Italy might be followed by a Cabinet reshuffle, including the resignation of the Foreign Minister. CIA does not believe that such a decision would cause major changes in the coalition or in its stability.)

## FAR EAST

2. KOREA: Rhee agrees to US troop withdrawal--Following US Representative Muccio's outline of the US plan for continued military assistance to Korea following the impending withdrawal of US troops, President Rhee has concluded that the contemplated measures will permit Korean security

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forces to maintain internal stability and defend the country. Rhee agreed that it was psychologically desirable that he publicly announce this conclusion shortly and in so doing indicate that he was therefore suggesting a review of the timing of US troop withdrawal. Muccio believes that Korean acceptance of the US withdrawal would be given impetus if he were enabled to make an early report to Rhee on the specific assistance to the Korean security forces the US expects to give.

(CIA Comment: CIA believes that Rhee's continued acquiescence to the US troop withdrawals will depend on his receiving firm assurances that the US will provide the equipment to maintain and expand Korean security forces. CIA believes, however, that there will be an adverse psychological reaction when the fact of impending US withdrawal becomes generally known in Korea despite any announcement that Korean forces are now competent to defend the country.)

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